

throwing a tantrum, instead of somebody who leads a great institution and is a leader of a great national political party.

The Speaker says he will use this hard-line approach no matter what, declaring, "I do not care what the price is." Treasury Secretary Rubin responded that the President will not be blackmailed by the use of the debt limit as a negotiating level.

Well, I am one Vermonter who feels that issuing ultimatums is dumb and counterproductive. Raising the debt limit should not be a partisan issue. It is just too important.

Federal Reserve Chairman Alan Greenspan got it right when he said: "The issue of default should not be on the table. To default for the first time in the history of this Nation is not something anyone should take in a tranquil manner."

In fact, such a default would have serious consequences, indeed.

The nonpartisan Congressional Budget Office, reflecting some of the feelings as Republican Chairman of the Federal Reserve Board recently warned:

Defaulting on payments have much graver economic consequences than failing to enact discretionary appropriations by the start of the fiscal year \* \* \* even a temporary default—that is, a few days' delay in the Government's ability to meet its obligations—could have serious repercussions in the financial markets. Those repercussions include a permanent increase in Federal borrowing costs \* \* \*.

It is foolish to risk increasing our Federal borrowing costs through a default.

Unfortunately, the United States carries close to a \$4.9 trillion debt burden and over 16 percent of our annual budget goes to interest payments on the Federal debt.

Interestingly enough, some of the same people who say that we will not honor this debt today are some of the same Members of Congress who strongly supported the President of their own party who, during the 1980's, tripled the national debt.

One analyst estimated that if the Government's interest rate had been just a 0.01 percentage point higher than the last year, the Government's annual borrowing costs would have increased by \$211 million. Those same people say they want a balanced budget are willing to throw away a chance to balance the budget by permanently jacking up the Government's interest costs.

That repercussion of default goes a lot further than just the Government's borrowing costs. It may make some nice political points back home to say, "We do not care; we will just shut down the Government, that mean, nasty old government. We do not need it anyway."

Well, they ought to also tell some of their constituents, if they are a homeowner looking for a mortgage, their mortgage rates will go up. If they are consumers shopping for a new car, the costs of that new car will go up. If they

are a small business that wanted to expand, wanted to increase their inventory, wanted to increase their equipment, they will pay more for the money to do that.

To crush the dreams of millions of Americans over this silly game of political poker is totally irresponsible. Some have even suggested that the Treasury Department play games with Government trust funds—including the Social Security trust fund, the Medicare trust fund—in order to postpone default. I believe that also is irresponsible.

Every day Treasury collects billions of dollars for these public trust funds for the payroll taxes. They invest the fund surpluses to pay beneficiaries later on. This year, the Social Security trust fund will run a surplus of \$481 billion. The Medicare trust fund will run a surplus of \$147 billion. Tapping into these funds allows the Treasury to avoid default, but cashing in the surpluses is morally and fiscally wrong.

We made a commitment to the American people to keep these funds in trust for future generations. Divesting the funds ignores the long-term investment needs to provide the baby-boom generation with Social Security and Medicare benefits in the years to come.

The Republican leadership and the President need to get together. The consequences of a Government default are just too serious to be held hostage by partisan politics. To protect our public trust funds, to keep the Government's and private sector's costs down, and maintain America's creditworthiness, we need a bipartisan budget summit now to avoid a debt limit crisis.

#### CELEBRATING THE "NEW" OLD NORTH END

Mr. LEAHY. Mr. President, Burlington Vermont's Old North End does not look like the kind of community most people, even most Vermonters, envision when they think of Vermont. It is one of the State's most economically depressed neighborhoods, in a city which is the closest thing to urban you will find in Vermont. But the character of Vermonters, is as evident in the Old North End as it is in every corner of Vermont.

One year ago the residents of the Old North End requested designation as an enterprise community under President Clinton's new enterprise zone initiative. The State and city government, businesses, schools, nonprofit groups, and residents sat down together and came up with a plan to rebuild the Old North End.

I have never seen so many people, from such different backgrounds work so hard to fulfill their dream. That hard work paid off.

This weekend Vermont's only enterprise community celebrates the beginning of its revitalization and the launching of 70 strategies for renewal. I am honored to have been asked to participate in that celebration.

Today, the dream of a new Old North End is well on its way to becoming a reality. The foundations have already been built with the dedication and commitment of a great many people who have shown all of the best qualities Vermont has to offer. Congratulations are in order for every one of them. Let the celebration begin.

#### ON MEDICAID

Mr. LEAHY. Mr. President, far too often, in Washington, the human side of Federal programs are forgotten. This year's debate has been more concerned with the bottom line and tax cuts than how best to serve the people. In a recent column in the Burlington Free Press, Barbara Leitenberg put a face on what is at stake in the Medicaid debate. I ask unanimous consent that Ms. Leitenberg's article be printed in the RECORD for my Senate colleagues to read.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Burlington Free Press, Sept. 4, 1995]

#### SENIORS FEAR HOLES IN MEDICAID NET

(By Barbara Leitenberg)

"It's not a Contract with America; it's a contract with death," says Lyman Deavitt, 65, of Burlington, his blue eyes flashing in anger. "I'd like to meet Newt Gingrich one-on-one."

Deavitt is especially worried about congressional proposals to limit the growth of Medicaid, the ultimate safety net for health-care costs.

He suffers from insulin-dependent diabetes and resulting neuropathy in both legs, two hard-to-treat aneurysms, blood vessel and bowel blockages, cataracts, and infections in his one remaining kidney.

Because of surgery for cancer of the bladder, he must use a device that siphons his urine directly from his kidney to a pouch outside his body.

"I have no way to pay for these things," says Deavitt. "All I have is \$704 a month from Social Security. You can understand why I get on a rampage about those jerks in Washington."

Medicaid is a federal/state program, started in 1965, which provides medical and long-term care for people with very low incomes. In Vermont, that means no more than \$683 per month. \$741 in Chittenden County. A single person must have no more than \$2,000 in resources; a married couple, no more than \$3,000.

More than 82,000 Vermonters participate in Medicaid: Almost 45,000 are under 18; 28,000 are 18-64; and 9,500 are 65 and older. Medicaid pays for physician and hospital care, and some home health and personal care. It is the payer of last resort for care in nursing homes. Medicaid also has special programs in which people who do not quite meet its strict income and resource eligibility rules can get benefits when they face extraordinary health-care bills.

In its Budget Resolution, passed in June, Congress proposes to cut \$182 billion from Medicaid by the year 2002. This would be done by limiting the rate of increase from about 10 percent a year to just below 5 percent. Although Medicaid will still grow at this lower rate, programs will have to be cut because the lower rate does not account for general and medical care inflation and the growth in the eligible population.